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June 26, 1995

VIA FACSIMILE TRANSMISSION

Mr. Joseph A. Gowers
U. S. EPA, Region II
290 Broadway
19th Floor
New York, New York 10007-1866

**Re: NL Industries, Inc. Superfund Site
Pedricktown, Salem County, New Jersey**

Dear Mr. Gowers:

This firm represents GNB, Inc. ("GNB") in the above-referenced matter. As discussed more fully below, GNB hereby declines Ms. Kathleen Callahan's recent invitation for GNB to participate in U.S. EPA's planned Pilot Superfund Cost Allocation Project ("Pilot Project"). As more fully explained below, GNB is declining to participate because it is not aware of any information which would render GNB liable for any response costs at the NL Industries, Inc. Superfund Site (the "NL Industries Site").

As indicated by GNB's March 1991 Response to U.S. EPA's §104(e) Request for Information, GNB has neither transported, nor arranged for the transportation, treatment, storage or disposal of hazardous substances at the NL Industries Site. Therefore, GNB is not responsible under CERCLA §107 for any share of the cleanup costs incurred at the NL Industries Site.

GNB has been told informally, and very generally, by the U.S. EPA, that the basis for its PRP status is "GNB's Response to U.S. EPA's §104(e) Request for Information." This is puzzling, since GNB's Response, along with the documents produced therewith, related only to Gould, Inc., and not GNB, with respect to the NL Industries Site. The GNB §104(e) response did not contain any information indicating that GNB may be a PRP for the NL Industries Site.

Further, GNB is not a legal successor to Gould, Inc. A decision by Judge Paul E. Plunkett of the Federal District Court for the Northern District of Illinois holds as a matter of law, that GNB is not the legal successor to Gould, Inc. GNB and Gould are involved in litigation over alleged private, contractual indemnity issues involving certain environmental claims.

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However, the eventual outcome of that litigation still would not provide a basis for U.S. EPA to hold GNB responsible under CERCLA for the cleanup costs incurred at the NL Industries site.

Accordingly, in the absence of information indicating that GNB is properly identified as a PRP at the NL Industries site, GNB is not interested in participating in the Pilot Program at this time. GNB also requests clarification of the basis for identifying it as a PRP at the NL Industries site in light of the foregoing information. Please write or contact Susan M. Franzetti (at 312-245-8724) or me to provide this requested clarification. If the U.S. EPA has information concerning GNB's alleged involvement with this site, we will certainly consider it and, if appropriate, revisit the issue of participation in the Pilot Project.

Please feel free to call me at the above number if you have any questions.

Very truly yours



Matthew S. Moran

MSM/kgv

cc: Frank Barnett - GNB
Susan M. Franzetti
Lawrence W. Mitchell - Gould, Inc.